

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

RECEIVED

JUN 29 1995

FCC MAIL ROOM

In the Matter of )

End User Common Line Charges )

CC Docket No. 95-72

COMMENTS OF ROCHESTER  
TELEPHONE CORP.

DOCKET FILE COPY ORIGINAL

Rochester Telephone Corp. ("Rochester") submits these comments in response to the Commission's Notice initiating this proceeding.<sup>1</sup> In the Notice, the Commission seeks comment on how it should apply subscriber line charges ("SLCs") to Integrated Services Digital Network ("ISDN") and other derived-channel services. At least until such time as the Commission undertakes and completes a comprehensive review of its existing access charge rules,<sup>2</sup> the Commission should permit exchange carriers to assess SLCs on the basis of the number of physical facilities involved in providing ISDN and other derived-channel services to customers. At the same time, the Commission may also adopt a capping mechanism to ensure that carrier common line ("CCL") charges do not rise as a result of this means of assessing SLCs.

ISDN and other derived-channel services, including T-1 services, are either highly discretionary or highly competitive. The assessment of multiple SLCs would severely

---

<sup>1</sup> *End User Common Line Charges*, CC Dkt. 95-72, Notice of Proposed Rulemaking, FCC 95-212 (May 30, 1995) ("Notice").

<sup>2</sup> The existing access charge rules -- adopted over 10 years ago in response to the reorganization of the Bell System -- are hopelessly outdated. Competitive developments and technological advances -- which the Commission recognizes (Notice, ¶¶ 13-14) -- have made it essential that the Commission expeditiously undertake a comprehensive review of the existing rules.

reduce demand for such services. Given its high elasticity of demand, Rochester estimates that demand for basic rate ISDN service -- with the assessment of 2 additional SLCs -- would drop substantially. Demand for primary rate interface ISDN service -- with the assessment of 23 additional SLCs -- would simply not exist.

T-1-type services are highly competitive. A number of competitive access providers ("CAPs") offer services that are directly competitive with exchange carriers' services. Nor are CAPs confined to the nation's largest markets. Two CAPs, plus the local cable company (Time Warner), have deployed facilities in Rochester to offer both special and switched services that compete directly with services offered by Rochester. Having the ability to assess one or two SLCs<sup>3</sup> -- as opposed to 24 -- on such facilities would permit exchange carriers to remain competitive with CAPs and other local exchange competitors.<sup>4</sup>

Thus, permitting the assessment of one SLC per physical facility would greatly facilitate the deployment of new services that are critical to the evolution of the National Information Infrastructure. Otherwise, services such as ISDN may well be priced out of the market, to the detriment of society at large.

---

<sup>3</sup> See Notice, ¶ 1 n.1.

<sup>4</sup> Moreover, to the extent that T-1 facilities are utilized in conjunction with Centrex services to reach the end user's premises, Centrex service could compete more effectively with services provided through a private branch exchange (PBX"). Under the current rules, a customer pays one SLC for each PBX *trunk*, but pays one SLC per Centrex *line*. Because a typical trunk-to-line ratio is approximately 1:10, Centrex service currently faces a huge -- and artificial -- competitive disadvantage.

The Commission's alternative proposals are unsatisfactory. Assessing one SLC for every two derived channels<sup>5</sup> would still eliminate demand for primary rate interface ISDN and would significantly retard demand for T-1 services. Basing the SLC for derived-channel services on a ratio of the costs of providing such services to the costs of providing a traditional twisted-copper pair<sup>6</sup> -- particularly if the cost of the necessary line cards is taken into account -- would have the same result.<sup>7</sup> As a result, the best alternative available to the Commission is to permit exchange carriers to assess SLCs on derived-channel services based upon the number of facilities involved.

Nor is such an approach unfair, as the Commission suggests.<sup>8</sup> Common line costs essentially comprise the investment and expense associated with deploying facilities to the customer premises. As such, the common line costs associated with deploying an ordinary twisted-copper pair are basically the same for an ISDN-equipped line as for one that is not so equipped. The same is also true for T-1 services. Thus, assessing SLCs on the basis of the number of facilities involved is consistent with accepted principles of cost causation.<sup>9</sup>

---

<sup>5</sup> *Id.*, ¶ 30.

<sup>6</sup> *Id.*, ¶¶ 27-28.

<sup>7</sup> The latter alternative is internally inconsistent as well. As the Commission notes (*id.*, ¶ 29) the costs of those line cards are assigned to the local switching -- not the common line -- basket. Thus, under this proposal, the overall common line rate -- SLC and CCL -- would bear little relationship to the costs to be recovered from those rate elements.

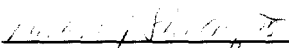
<sup>8</sup> *Id.*

<sup>9</sup> Rochester disagrees with the Commission's observation (*id.*, ¶ 26) that customers of traditional residential service would effectively pay more for this service than ISDN-based services. Other, intrastate charges for ISDN-based services that are not assessed on

Finally, to the extent that the Commission is concerned that a per-facility treatment of derived-channel services will place upward pressure on CCL rates, Rochester would not object to a mechanism that ensures that CCL rates do not rise as a result of this treatment of derived-channel services.<sup>10</sup> Rochester has no interest in inflating its CCL rates and thereby encouraging its interstate access customers to subscribe to competitive alternatives. The Commission's proposed capping mechanism possesses the additional benefit of curbing the growth in subsidy transfers embedded in the CCL rate element.

For the foregoing reasons, the Commission should act upon the proposals contained in the Notice in the manner suggested herein.

Respectfully submitted,

  
Michael J. Shortley, III

Attorney for Rochester  
Telephone Corp.

180 South Clinton Avenue  
Rochester, New York 14646  
(716) 777-1028

June 28, 1995

---

traditional residential services make up at least a substantial portion of the difference. Moreover, so long as customers have the option of subscribing to ISDN service, the apparent inequitable treatment is more illusory than real.

<sup>10</sup> See *id.*, ¶ 34.